



Design of a complete monthly Consumer Price Index – Public Consultation

Closed 15 Dec 2023

Opened 16 Nov 2023

Contact

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Feedback updated 18 Mar 2024

We asked

The Australian Bureau of Statistics (ABS) will release a complete monthly measure of the Consumer Price Index (CPI) by late 2025, as part of its transformative program called *Big Data, Timely Insights: Phase 2* (BDTI).

Stakeholders were invited to provide input on key aspects of the CPI publication design during a public consultation held from 16 November to 15 December 2023. The public consultation sought formal submissions on this proposed design covering key areas such as release timing, data requirements, publication specifics, and methodologies.

The public consultation was informed by a preliminary *Discovery Stage* in October 2023, where the ABS engaged directly with a selection of stakeholders to gain insights into their priorities and to lay the groundwork for the initial CPI design.

You said

Feedback on the design of the complete monthly CPI aligned closely with stakeholder insights gathered during the initial *Discovery Stage*. The primary requests voiced by stakeholders included:

- **Prioritise accuracy and data coverage** of the complete monthly CPI over improved timeliness of the publication's release after the end of the reference period, with backing for the ABS's proposal that the CPI publication continue to be released around four-weeks after the reference period.
- Support for maintaining the **same level of detailed commentary and analysis** as published in the quarterly CPI with requests for further expansion of the CPI analytical series where feasible.
- **Monthly data content consistent with the current quarterly CPI data series** incorporating capital city and expenditure class (EC) level data.
- **Continue a quarterly data series** for continuity of timeseries analysis and legislated indexation requirements.

Further insights provided by stakeholders included:

- Support for publishing data with more decimal places for increased precision.
- Request for a monthly analytical series such as trimmed mean, weighted median, and goods and services categories.
- Support for transparency regarding data collection frequency, coverage, and updates to the CPI Concepts, Sources, and Methods (CSM).

Feedback was also received that is beyond the scope of the BDTI transformation program. This feedback will be evaluated for potential integration in future, including considerations such as expanded product classifications for further international comparability, expanding the Selected Living Costs Index (SLCI) groups, and compiling Regional CPI data.

A complete summary of the public consultation feedback is provided in the **Results** section below.

We did

Stakeholder consultation has been pivotal in shaping the design of the complete monthly CPI. As a result, commencing late 2025, the complete monthly CPI will:

1. **Be released around four weeks** after the reference period on a Wednesday.
2. **Prioritise data accuracy** by implementing comprehensive data collection throughout the entirety of the reference month, rather than restricting it to only the first two or three weeks.
3. **Contain the same amount of data, detailed commentary and analysis** that is in the current quarterly CPI.
4. **Include a monthly seasonally adjusted series and analytical series** such as trimmed mean, weighted median, and tradables and non-tradables series.

Initially, due to some of the monthly time series being shorter than the length

required for standard seasonal adjustment, only a limited number of seasonally adjusted series will be published in the first two years. The ABS is exploring the quality of trimmed mean and weighted median measures when some expenditure classes cannot be seasonally adjusted with standard methods. We will publish further information on these methods prior to publication.

The existing **quarterly series will be maintained**, including analytical measures, to ensure continuity for widely used indexation arrangements and time series analysis.

Additionally, the intended design will also include:

- All groups (headline) CPI, Groups (11), Sub-groups (33), and Expenditure classes (87) for each capital city.
- Contribution to annual and monthly percentage change to the All groups CPI.
- Index numbers published to two decimal places instead of the existing one decimal place. Movements will be presented to one decimal place.
- No revisions unless there is an exceptional circumstance, such as to correct a significant error, in line with the standard practice for CPI.

The design of the complete monthly CPI is provided in the **Results** section below.

Next Steps

Stakeholders will receive ongoing updates from the ABS on the progress of the complete monthly measure of the CPI, methodology, and refined design details.

An implementation plan, along with a mock-up showcasing the complete monthly CPI comprising time series tables and metadata, will be unveiled closer to the publication date. Throughout this period, the ABS will maintain the quarterly release of the [Consumer Price Index, Australia](#) and the [Monthly Consumer Price Index Indicator](#).

Results updated 18 Mar 2024

Files:

- [Design of the Complete Monthly CPI](#), 164.0 KB (PDF document)
- [Summary of consultation feedback](#), 255.2 KB (PDF document)

Overview

1. Overview

The Australian Bureau of Statistics (ABS) is undertaking a public consultation process to design the complete monthly measure of the Consumer Price Index (CPI). This is an opportunity for you to inform us of your data, timing and publication needs and help shape the design of the complete monthly CPI.

Significance of the CPI

The CPI is a general measure of prices for goods and services purchased by Australian households. It is widely used to inform governments, businesses, and the community about the changes in inflation pressures facing Australian households. The CPI provides policy and decision-makers with crucial data and insights necessary to inform monetary and fiscal policy settings.

Background

The ABS currently produces the CPI on a quarterly basis ([quarterly CPI](#)). The quarterly CPI has served Australia well over many decades; however, Australia is one of the only developed countries not to produce the CPI on a monthly basis. In response to long-standing calls for more timely data on inflation, in October 2022, the ABS started producing a monthly CPI indicator ([monthly CPI indicator](#)). The monthly CPI indicator provides policy makers and the community with timelier data but is not a complete monthly measure of inflation. The new monthly CPI indicator represents up-to-date prices for between 66 and 77 per cent of the weight of the CPI basket of goods and services, depending on the month in the quarterly cycle.

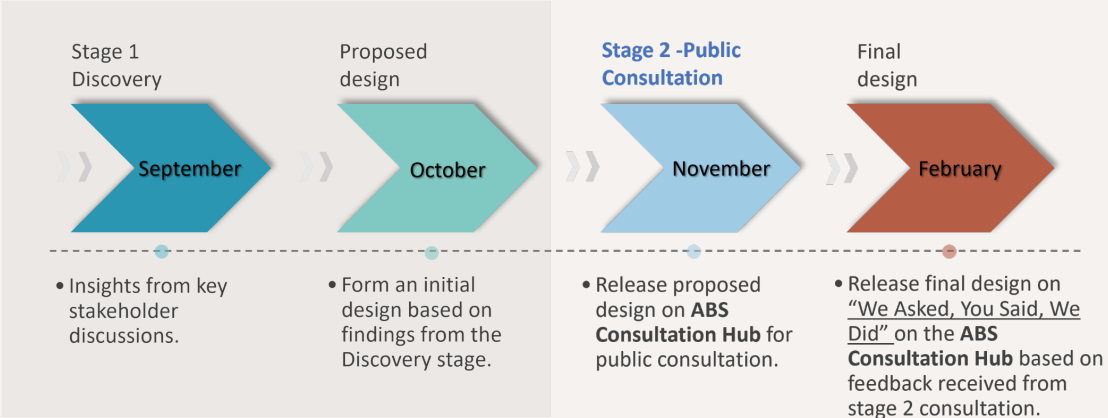
In the 2023-24 Budget, the ABS was provided with funding by the Government to implement phase 2 of the *Big Data, Timely Insights* transformation program. A key outcome from phase 2 of this program will be the delivery of a complete monthly measure of the CPI by the end of 2025. This will require the ABS to both build the required tools, processes and data processing systems in the ABS' scaled analytic cloud environment, as well as collecting additional data on a monthly basis. The intent is to produce a complete monthly CPI that will serve as Australia's headline measure of inflation.

Central to the development of the monthly CPI is gaining input and insights from users and data providers to ensure the monthly CPI meets the needs of government and the wider community.

Consultation schedule

Consultation on the complete monthly CPI is being undertaken in stages. This paper marks the start of *Stage 2 - Public Consultation* which seeks feedback on the ABS' proposed design of the complete monthly CPI and its publication. The proposed design was informed through a series of discovery discussions and insights from key CPI stakeholders.

Image 1: Consultation schedule



2. Stage1 – Discovery feedback

During the initial *Discovery* stage, the ABS gathered input from a group of key CPI stakeholders including governments, academics, economists, and international CPI experts. The feedback received has helped the ABS develop a proposed design for the complete monthly CPI to test through public consultation.

Key insights from Stage 1

The ABS met with stakeholders to ask questions grouped into four key themes: timing, data, publication, and methods.

The top five recurring responses were:

1. Strong support for moving to a complete monthly CPI for Australia.
2. Prioritisation of data quality over timeliness.
3. High value is placed on detailed commentary and analysis.
4. Recognition of the need for quarterly CPI data to continue to be published for contractual, indexation, and historical data analysis.
5. Support for the expansion of CPI analytical series over time.

See table below for a more detailed summary of the feedback received.

Summary of discovery feedback

Timing

- Prioritise data quality over publication timeliness.
- Releasing early or 'flash' estimates of the CPI is not desirable and likely to lead to confusion. If the ABS does publish data earlier, ensure quality and coverage is maintained.

Publication

- Transitioning from a major release 4 times a year to 12 times a year presents a significant shift.
- The availability of quarterly CPI data is critical. However, there is no need for a separate quarterly publication.
- Consideration should be given to providing users with the capability to build their own indexes and calculating CPI with a different index formula.
- **Selected Living Cost Indexes (SLCIs):**
 - Recognition of the significance and value of the Selected Living Cost Indexes (SLCIs) in monitoring households, especially for energy and housing costs, household expenses, and living cost pressures. Having access to monthly SLCI data could be useful for analytical purposes but it is not critical at present and should not come at the expense of the quality of the monthly CPI.
 - Consideration should be given to expanding SLCIs data, such as data for families by income quintiles, state-level data, and more family groups.

Data

- The current level of published data and commentary is highly valued – including being used as a 'cheat sheet' to understanding the data – and should be retained in the complete monthly CPI publication.
- Emphasis on the importance of Expenditure Class level data, is essential and should remain.
- Explore the possibility of providing more granular data where possible.
- Current geographical coverage of quarterly CPI is acceptable and should be maintained in the monthly.
- The ABS should increase the frequency of feature articles.
- Revisions to the CPI are not ideal and should only be undertaken when major errors are identified.
- Recognise the value of all CPI data series, with notable mentions for housing, rents, food, childcare, utilities, fuel, and travel.
- Analytical series, such as trimmed mean, weighted median, goods and services, discretionary and non-discretionary categories, and tradables and non-tradables, are highly important and frequently used by stakeholders.
- Consider including capital city analytical series such as trimmed mean and seasonally adjusted data.
- Publishing annual points contributions is essential.

Methods

- Quarterly data is required and should be derived using the average of the three months.
- Precision is important, publish data to more decimal places.

3. Proposed Design of the Complete Monthly CPI

As mentioned above, the complete monthly CPI will be delivered as part of a broader, integrated transformation program in the ABS. Like any transformation

program, there are limitations on the resources available to deliver key program outcomes. In practical terms, this means that trade-offs are likely in order to prioritise delivery of a high-quality, complete monthly CPI by the end of 2025.

In light of the ABS' transformation planning and the feedback received to date, the proposed design of the monthly CPI outlined below prioritises:

- Commencing publication of a complete monthly CPI as soon as possible
- Data quality
- Continuing to publish a quarterly CPI data series
- Incorporating the same amount of data, analysis, and commentary in the current quarterly CPI into the monthly publication
- CPI data being collected across the full reference month (as opposed to, say, just the first two or three weeks of the month).

The proposed design also recognises the feedback received that, if there are no trade-offs to data quality, there is value in improving the timeliness of the CPI publication and the addition of new analytical series. However, these features will not be prioritised over the five dot points set out above.

It is important to note that this is the *proposed* design for how the complete monthly CPI will commence in late 2025. Beyond that point, phase 2 of the BDTI program will fund further enhancements to the monthly CPI, notably to source additional big data sets containing prices information.

Proposed Design of the Complete Monthly CPI
The ABS proposes to deliver a complete monthly CPI by late 2025 with the following key design features:
Timing
• The publication will be released at the same time after the end of the reference period as the quarterly CPI is currently released i.e. approximately four weeks. • The ABS will aspire to improve timeliness of publication after the reference period, if possible.
Data

- The general principle is that all data series currently published in the quarterly CPI will be available in the monthly CPI tables on a monthly frequency.
- More specifically, data to be published will include:
 - Headline CPI, 11 groups, 33 sub-groups and 87 Expenditure Classes (EC)
 - Capital cities
 - Points contribution
 - Monthly tables with a minimum 1-year back series.
- Enhancements will be made to data sources and analytical series, if possible.

Publication

- Structure of publication to include an overview, along with detailed analysis of the analytical series and the top 3 main contributing CPI groups.
- A Quarterly CPI data table will be included in every third monthly publication. This will include the full historical quarterly time series which includes the CPI going back to 1948.
- Existing publication features will remain produced in reference to the most recent month:
 - Key statistics
 - Main features
 - Overview
 - Data downloads
 - Monthly media release
 - Ad-hoc articles.
- Selected Living Cost Indexes (SLCIs) will remain as a quarterly publication.

Methods

- The quarterly CPI will be derived from the monthly data.
- Index numbers published to two decimal places.
- Movements will be published to one decimal place.

4. Public consultation – Questions for consideration

From 16 November to 15 December 2023, the ABS welcomes submissions on the proposed design of the complete monthly CPI set out above. Feedback received during Stage 2 will be considered in shaping the final design to be published in February 2024.

Below is the list of the key themes and questions to consider when preparing for your submission. We encourage you to address these questions based on your requirements.

Timing

1. Do you have feedback on the proposed Timing of the complete monthly CPI design, or do you support the proposed approach?

For example: early release of data, opinions on early estimates, acceptable trade-offs to release data sooner e.g., reduce publication analysis or early reference period data cut-off.

Data requirements

2. Do you have feedback on the Data of the proposed complete monthly CPI design, or do you support the proposed approach?

For example: additional data requirements.

Publication

3. Do you have feedback on the Publication of the proposed complete monthly CPI design, or do you support the proposed approach?

For example: proposed inclusions for publication commentary, quarterly CPI publication requirements, monthly Selected Living Cost Indexes (SLCIs).

Methods

4. Do you have feedback on Method of the proposed complete monthly CPI design, or do you support the proposed approach?

For example: sample precision, weight update.

Why your input matters

The ABS will use the feedback obtained through this consultation process to shape the final design of the complete monthly measure of the CPI and its publication as well as inform priorities for improvements beyond 2025.

How to participate

The ABS is welcoming submissions for feedback on the proposed design of the monthly CPI publication. Organisations and individuals can express their views and put forward requirements through the survey below.

We encourage you to connect with others in your organisation and provide a consolidated submission to ensure all feedback is captured.

Closing date for submissions is 15 December 2023.

How will your personal information be used?

The ABS will use your submission to inform the review of the monthly CPI

design. The ABS will not publish individual submissions from this consultation. However, the ABS will publish a summary, in the form of 'We Asked, You Said, We Did' on the Consultation Hub.

We may also use your name and email address to contact you if we have follow-up questions in relation to your submission and provided you updates.

What happens next

Following the conclusion of Phase 2, the ABS will publish a summary of submissions received through the Phase 2 consultation and the final monthly CPI design. Results will be made available on the "[We asked, You said, We did](#)" section of the ABS website in early 2024.

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